

Helping small businesses
start, grow and succeed.



U. S. Small Business Administration

BANKNOTES

Oklahoma District Office
301 N.W. 6th Street
Suite 116
Oklahoma City, OK 73102
405-609-8000
www.sba.gov/ok

July 2008

Lender training set for Aug. 27-28 in Oklahoma City, Tulsa

Wayne Reid, supervisor, Commercial Loan Service Center – Little Rock Arkansas, will conduct two lender training sessions for Oklahoma lenders Aug 27-28. Identical training sessions, entitled **SBA Lending from A to Z**, are scheduled to take place in Oklahoma City on Aug. 27 and in Tulsa Aug. 28. The training will provide loan originators, servicers, closers and liquidators with up-to-date information on the SBA 7(a) and 504 Loan process. Lead Business Development Specialist Fred Munden will discuss the details of loan closing, purchasing and liquidation.

"This will be very detailed training," said Munden. "We encourage anyone involved in the SBA lending process to attend, so that we can ensure our state lenders have complete knowledge and understanding of the SBA lending process from beginning to end."

Training is scheduled at the following locations:

Aug 27—Oklahoma City, 1-5pm Village Library, 10307 N Pennsylvania

Aug 28—Tulsa, 1-5pm Hardesty Library, 8316 E 93rd

To register for the training, please contact Bobbie DeBerry at Roberta.deberry@sba.gov or 405-609-8022.

Commercial Loan Service Center - Little Rock Arkansas

2120 Riverfront Drive, Suite 100
Little Rock, AR 72202-1794
Phone: (501) 324-5871
Toll Free: (800) 644-8564
Fax: (202) 292-3878
Monday - Friday 8:00 am to 4:30 pm

Economic Stimulus Act of 2008 Benefits Small Business

Many of us have either already received or are expecting soon our Economic Stimulus checks from the IRS. Those checks are an important part of the Economic Stimulus Act of 2008 but for small businesses there are other provisions in the law with the potential for far greater benefit.

The most important thing to remember about the small business benefits of the Act is that the special bonus depreciation provision expires at the end of 2008 and the Section 179 expensing provision expires at the end of your business tax year that begins in 2008. Time is definitely of the essence to take advantage of these opportunities.

The benefit for small business from the Act is that it allows far more depreciation deductions for the purchases of most types of tangible property and computer software that you buy this year than you would normally receive. These deductions reduce the taxable income of the business or its owners, with the potential to dramatically reduce your 2007 or 2008 business tax year liability. This means you will recover a far larger portion of the price of the property you place in service this year through tax savings than you normally would. Your business will benefit from the additional productivity from the new machinery or equipment, you will benefit from the tax savings

and the United States economy will benefit from the additional economic activity your investment generates. Talk about have your cake and eat it too!

The additional deductions fall in two categories, Section 179 expensing and a Special Depreciation Allowance. Section 179 of the tax code allows businesses to write off investments in eligible property immediately instead of depreciating it over time. The normal limit for the Section 179 write-off is \$128,000 total for your business tax year but for eligible property purchased and placed in service in your business tax year beginning in 2008, the limitation is almost doubled to \$250,000. The

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Of Note

Colson remains fiscal and transfer agent

Colson Services Corp. will remain the fiscal and transfer agent for the SBA 7(a) Loan program. 7(a) lenders should continue to submit SBA Form 1502 reports and related guarantee fee payments to Colson Services Corp.

New SOP 50-10 effective Aug. 1

The revised SOP 50 10 (5) will be in effect for applications received by SBA on or after Aug. 1. This includes lenders submitting applications through PLP, SBAExpress, Patriot Express, or Community Express.

Partin elected to serve on NADCO Board

Debbie Partin, financial services director, Rural Enterprises of Oklahoma, Inc. has been elected to serve on the board of directors of the National Association of Development Companies for Region 6 which includes Oklahoma, Texas, New Mexico, Louisiana and Arkansas. NADCO provides legislative and regulatory support for the 504 lending program on behalf of member CDCs and other affiliates.



OKLAHOMA LENDER PROFILE:



Mary Krause, Sr. Vice President, Vision Bank
Ada, Oklahoma

Q: How long have you been participating in SBA lending?

A: I have participated for eight years, and Vision Bank has been doing SBA loans for over 20 years.

Q: What loan programs do you use?

A: SBAExpress, 504, 7(a), and we are implementing the Patriot Express program.

deal, purchase the business, and now continues to provide existing jobs and quality service to Ada residents.

Q: Can you give an example of a business that you have done an SBA loan for that impacted your community and how it impacted it?

- a. Name of business
- b. Amount of loan
- c. Jobs created

A: A few years ago, our bank assisted a technology manufacturing business that is now experiencing tremendous growth. We are currently working on a combined 7(a) loan of \$650,000 and a \$350,000 SBAExpress RLOC to continue to meet their working capital needs. Starting out with the owner and his wife, the company now employs over 15 people with sales reaching \$10,000,000. These higher skill jobs in Ada are helping provide quality employment for graduates of East Central University.

Q: How are the SBA Programs beneficial to your bank?

A: The SBA programs have created the opportunity for us to be the "Bank for Business" in our area. Through these programs, our bank has been able to develop customer loyalty by assisting small businesses when they need it most. We have helped them develop a livelihood that is absolutely essential for healthy communities.

Q: Do you have any suggestions for improving SBA programs?

A: No. I enjoy receiving email updates.

Q: Do you use any other Government Guaranty program?

A: We use USDA's B&I guaranty program.

Q: Why is the SBA guaranty attractive to your bank?

A: In a town of 16,000 people, where the average wage is \$8/hr, people are taking advantage of running their own company and the numbers are increasing. Our community is made up of long time residents, many of which have children that go off to college and return to begin their careers and families. One of our largest and most successful employers, Pre-Paid Legal Services, Inc., started out as a small business on Main Street and is now listed on the NYSE, with over \$160 million in assets. SBA has given our bank an opportunity to not only create jobs, but we have helped establish true growth and security that is essential for attracting generations to come.

Q: Can you give an example of a business that you did an SBA loan for and what risk was mitigated with the SBA guaranty?

A: The owner of an existing automotive repair business was ready to sell. One of his long time employees, who knew the business inside and out, was interested in buying, but lacked the 20-30% equity conventional bank financing requires. Using the SBAExpress, he was able to inject 10% equity into the

Economic Stimulus, continued from Page 1

\$250,000 deduction amount is reduced only when a business purchases more than \$800,000 of eligible property. Let me repeat that, for an eligible company and property, you will be able to write off completely against your taxable income up to \$250,000 of investment in property you place in service in your 2008 tax year so long as you do not purchase more than \$800,000 of eligible property in your 2008 tax year. That can create a tremendous cash flow advantage to you and your business.

The second provision of the Act is the Special Depreciation Allowance. This allowance is in addition to the Section 179 write off and allows the business to take depreciation of 50% of the cost of the property after taking the 179 expense. Then on the 50% that is left, you still get to take your full first year depreciation! To qualify for the Special Depreciation Allow-

ance the original use of the property must begin with the taxpayer after December 31, 2007. In other words, the property must be "new" property.

For the eligible equipment that you buy before the end of this calendar year and after the beginning of your 2008 tax year, you can get up to three deductions in your 2008 tax year. On property with a 5 year tax life, that could mean a write off of \$370,000 in your 2008 business tax year for an investment of \$450,000! If you purchase and place into service this same property after December 31, 2008, but still in your 2008 business tax year, you can still take a 179 expense up to a total of \$250,000 on all eligible property purchased in your 2008 tax year.

The Special Depreciation Allowance also helps with vehicle purchases, increasing the allowable first year depreciation on

trucks and vans weighing less than 6,000 pounds to 350% of the normal maximum (from \$3,160 to \$11,160) and on automobiles to 370% of the normal maximum (from \$2,960 to \$10,960).

As always, there are exceptions. You will need to consult your tax advisor before making any decisions based on the 2008 Economic Stimulus Act.

The SBA provides a Depreciation Calculator, fact sheet, on-line seminar and links to additional information on the Act at <http://www.sba.gov/stimulus/>.

The Small Business provisions of the Economic Stimulus Act of 2008 are an excellent opportunity for you to invest in the equipment you need to take your business to new levels of productivity while providing great cash flow benefits from the tax savings you will experience this year.

OKLAHOMA TOP 10 SBA LENDERS & CDCs THROUGH JUNE - FY 08

Top volume lenders by number of loans

| | | | |
|----|----------------------------|----------|--------------|
| 1 | BancFirst | 86 loans | \$21,846,000 |
| 2 | JP Morgan Chase Bank, N.A. | 55 loans | \$2,546,700 |
| 3 | Innovative Bank | 37 loans | \$800,000 |
| 4 | Arvest Bank | 26 loans | \$5,244,300 |
| 5 | ONB Bank & Trust Company | 19 loans | \$6,045,300 |
| 6 | Borrego Springs Bank, N.A. | 15 loans | \$505,000 |
| 7 | MidFirst Bank | 13 loans | \$2,108,500 |
| 8 | Business Loan Center, LLC | 13 loans | \$495,000 |
| 9 | Arkansas Valley State Bank | 12 loans | \$1,394,900 |
| 10 | Bank of America, N.A. | 10 loans | \$163,500 |

Top volume CDCs by number of loans

| | | | |
|---|--------------------------------|----------|--------------|
| 1 | Rural Enterprises of Oklahoma. | 24 loans | \$12,704,000 |
| 2 | Tulsa Economic Development | 17 loans | \$8,644,000 |
| 3 | Small Business Capital Corp. | 17 loans | \$8,484,000 |
| 4 | Metro Area Development Corp. | 8 loans | \$6,921,000 |

Top volume lenders by dollar value of loans

| | | | |
|----|------------------------------|----------|--------------|
| 1 | BancFirst | 86 loans | \$21,846,000 |
| 2 | ONB Bank & Trust Company | 19 loans | \$6,045,300 |
| 3 | Arvest Bank | 26 loans | \$5,244,300 |
| 4 | CIT Small Business Lending | 6 loans | \$5,031,800 |
| 5 | First American Bank, Purcell | 5 loans | \$3,715,750 |
| 6 | Citizens Bank of Oklahoma | 2 loans | \$2,645,000 |
| 7 | JP Morgan Chase Bank, N.A. | 55 loans | \$2,546,700 |
| 8 | Security Bank | 4 loans | \$2,514,460 |
| 9 | Regent Bank & Trust Company | 4 loans | \$2,382,000 |
| 10 | MidFirst Bank | 13 loans | \$2,108,500 |

Top volume CDCs by dollar value of loans

| | | | |
|---|-------------------------------|----------|--------------|
| 1 | Rural Enterprises of Oklahoma | 24 loans | \$12,704,000 |
| 2 | Tulsa Economic Development | 17 loans | \$8,644,000 |
| 3 | Small Business Capital Corp. | 17 loans | \$8,484,000 |
| 4 | Metro Area Development Corp. | 8 loans | \$6,921,000 |

Top 10 Oklahoma SBA Loans in June

6/6/2008
HOLIDAY INN & DENNY'S
ARDMORE
\$1,988,000.00
RURAL ENTERPRISES OF OKLA, INC.

6/18/2008
BEVILLE AUTO SALVAGE OF LAWTON
LAWTON
\$927,000.00
ARVEST BANK

6/12/2008
CETCO, LLC
TULSA
\$796,800.00
COMMUNITY SOUTH BANK

6/30/2008
SERENITY FUNERALS & CREMATORY
TULSA
\$392,000.00
RURAL ENTERPRISES OF OKLA. INC.

6/12/2008
DAVIS MOORE AUTO GROUP INC
PONCA CITY
\$338,000.00
SMALL BUSINESS CAPITAL CORP.

6/9/2008
VARNER ENTERPRISES LLC DBA BUD
OKLAHOMA CITY
\$318,000.00
UPS CAPITAL BUSINESS CREDIT

6/19/2008
MCNELLIE'S PLAZA COURT, LLC
OKLAHOMA CITY
\$300,000.00
REGENT BANK

6/17/2008
SINCLAIR DINO LUBE
OWASSO
\$290,000.00
RURAL ENTERPRISES OF OKLA. INC.

6/3/2008
FLEETWING FOODMART
PURCELL
\$259,000.00
MIDFIRST BANK

6/25/2008
CARROLLS COMMERCIAL FLOORS INC
OWASSO
\$250,000.00
ARVEST BANK